

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 13156

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SUBJECT: PRESIDENTIAL VISIT BACKGROUND PAPER VIII: JAPAN'S
RELATIONS WITH PRC AND USSR

1. GOJ POLICY OF IMPROVING RELATIONS WITH BOTH PEKING AND MOSCOW IS BASED ON NATIONAL SECURITY, ECONOMIC, AND HISTORICAL POLITICAL GROUNDS. THE JAPANESE WANT TO NEUTRALIZE TO THE EXTENT POSSIBLE THE THREAT POSED BY THESE LARGE AND POTENTIALLY UNSTABLE NEIGHBORS, NOT ONLY TO JAPAN DIRECTLY BUT ALSO TO THE STABILITY OF THE AREA IN GENERAL SHOULD SINO-SOVIET HOSTILITY HEAT UP. THEY WANT ACCESS TO THE NATURAL RESOURCES OF BOTH CHINA AND THE SOVIET UNION. THEY WANT TO CLEAR THEIR RELATIONSHIPS WITH THESE COUNTRIES OF THE POLITICAL RESIDUE LEFT OVER FROM WORLD WAR II.

RELATIONS WITH MOSCOW

2. RUSSO-JAPANESE RELATIONS REVOLVE AROUND A) THE NORTHERN TERRITORIES ISSUE AND B) JOINT DEVELOPMENT OF SIBERIA. EVER SINCE DIPLOMATIC RELATIONS WERE NORMALIZED IN 1956, THE JAPANESE HAVE BEEN TRYING TO SECURE THE RETURN OF FOUR ISLANDS NORTH OF HOKKAIDO WHICH THE SOVIETS OCCUPIED AT THE END OF WORLD WAR II. PROGRESS HAS BEEN GLACIAL. THE SOVIETS SPENT YEARS REFUSING TO DISCUSS THE ISSUE; THEN FURTHER YEARS DISCUSSING THE REASONS FOR
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NOT DISCUSSING THE ISSUE. THE JAPANESE FELT THEY HAD

ACHIEVED A BREAKTHROUGH WHEN CHAIRMAN BREZNEV AGREED WITH PRIME MINISTER TANAKA AT THEIR SUMMIT IN MOSCOW OCTOBER 1973 THAT DISCUSSION OF THE ISLANDS WOULD BE INCLUDED IN UPCOMING NEGOTIATIONS FOR A PEACE TREATY BETWEEN THE TWO COUNTRIES. THE SOVIETS ALSO PLEDGED THAT ONE OF THEIR THREE TOP LEADERS WOULD VISIT JAPAN IN 1974, PRESUMABLY TO FURTHER THE NEGOTIATIONS. ALMOST A YEAR PASSED, HOWEVER, BEFORE SOVIET FOREIGN MINISTER GROMYKO TOLD THE JAPANESE THAT THOUGH THE SOVIETS WERE WILLING TO RESUME PEACE TREATY NEGOTIATIONS BY THE END OF '74, THE TALKS SHOULD TAKE PLACE IN MOSCOW AT THE MINISTERIAL LEVEL. ANY HIGH-LEVEL VISIT COULD BE DISCUSSED LATER. THE JAPANESE ASCRIBE THIS APPARENT STIFFENING OF SOVIET ATTITUDES TO MOSCOW'S ASSESSMENT THAT THE OIL CRISIS AND DOMESTIC DECLINE OF THE LDP HAVE WEAKENED JAPAN WHILE DETENTE WITH THE US HAS STRENGTHENED THE USSR. THOUGH THE JAPANESE HAVE TOLD THE SOVIETS THAT PROGRESS ON THE NORTHERN TERRITORIES ISSUE IS A PREREQUISITE TO ANY LASTING IMPROVEMENT IN THEIR RELATIONSHIP, THEY DO NOT EXPECT SIGNIFICANT RESULTS SOON. THEY DO NOT BELIEVE THAT THEY HAVE SUFFICIENT LEVERAGE ON THE SIBERIAN DEVELOPMENT ISSUE TO LINK THE TWO. THE JAPANESE FEEL THAT IT IS THE SOVIETS' TURN TO COME TO JAPAN FOR NEGOTIATIONS, BUT BECAUSE OF THE DOMESTIC POLITICAL IMPORTANCE OF THE NORTHERN TERRITORIES ISSUE, THE GOJ MAY BE WILLING TO SACRIFICE SOME FACE BY GOING TO MOSCOW IN EXCHANGE FOR THE APPEARANCE OF MAINTAINING MOMENTUM ON TREATY NEGOTIATIONS.

3. PROGRESS ON SIBERIAN DEVELOPMENT PROJECTS HAS BEEN MIXED. THE JAPANESE AND SOVIETS REACHED AGREEMENT ON JOINT EXPLOITATION OF YAKUTSK COAL DEPOSITS IN JULY. TALKS BETWEEN JAPAN AND THE SOVIETS AND BETWEEN JAPAN AND GULF OIL ON A PROJECT TO EXPLORE OIL AND GAS RESOURCES ON THE CONTINENTAL SHELF OF SAKHALIN ISLAND ARE PROCEEDING RELATIVELY SMOOTHLY. ON THE OTHER HAND, WORRIED ABOUT THEIR RELATIONSHIP WITH PEKING, THE JAPANESE ARE LIKELY TO REJECT IN ITS PRESENT FORM A MASSIVE SOVIET PROPOSAL TO EXTRACT OIL IN THE TYUMEN REGION AND TRANSPORT IT VIA A NEW TRANS-SIBERIAN RAILWAY TO BE CONSTRUCTED IN AS

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PART OF THE PROJECT. JAPAN SUSPECTS THAT THE SOVIETS ARE MORE INTERESTED IN BUILDING A STRATEGIC RAILWAY THAN IN EXTRACTING OIL. FINALLY, THE HUGE YAKUTSK NATURAL GAS PROJECT REMAINS STALLED PENDING A DECISION ON THE AVAILABILITY OF EXPORT-IMPORT CREDITS FROM THE UNITED STATES. THE JAPANESE INSIST THAT THE POLITICAL AND ECONOMIC RISKS OF DEVELOPING OIL AND GAS RESOURCES IN THE SOVIET UNION MUST BE SHARED WITH THE U.S. THE SOVIET UNION HAS NO OBJECTION.

THE JAPANESE ARE FULLY AWARE OF THE DIFFICULTIES FACING THE U.S. SIDE WITH REGARD TO OUR EXPORT-IMPORT BANK LAW AND THE TRADE BILL, BUT THEY ARE HOPEFUL THAT CREDITS WILL EVENTUALLY BECOME AVAILABLE. EVEN IF THEY DO, LOAN TERMS WILL REQUIRE HARD BARGAINING.

RELATIONS WITH PEKING

4. THE DEVELOPMENT OF RELATIONS WITH THE PRC HAS BEEN SLOW BUT SOMEWHAT SMOOTHER RECENTLY. WHEN DIPLOMATIC RELATIONS OPENED IN 1972, THE PRC AND JAPAN PLEDGED TO NEGOTIATE SEVERAL AGREEMENTS LEADING TO A TREATY OF PEACE AND FRIENDSHIP. TRADE AND CIVIL AVIATION AGREEMENTS WERE CONCLUDED IN 1974. NEGOTIATIONS ON SHIPPING AND FISHERIES ARE IN PROCESS. INFORMAL DISCUSSION OF A PEACE AND FRIENDSHIP TREATY HAS BEGUN, AND THERE IS SOME POSSIBILITY THAT FORMAL TALKS WILL BEGIN SOON. TRADE BOTH WAYS EXPANDED FROM \$2 BILLION IN 1973 TO AN ESTIMATED \$3 BILLION THIS YEAR. CHINA BECAME, POTENTIALLY, AN IMPORTANT OIL SUPPLIER FOR JAPAN WITH EXPORTS RISING FROM 1 MILLION TONS IN 1973 TO AN ANTICIPATED 4.5 MILLION TONS THIS YEAR. THE FOCUS OF POLITICAL DEALINGS AT ALL LEVELS EXPANDED FROM DISCUSSIONS OF BILATERAL PROBLEMS TO EXCHANGES OF VIEWS ON GLOBAL ISSUES. THE TWO COUNTRIES ALSO RECENTLY EXCHANGED MILITARY ATTACHES FOR THE FIRST TIME SINCE WORLD WAR II.

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5. THE JAPANESE HAVE LEARNED THE HARD WAY HOW TOUGH

NEGOTIATIONS WITH PEKING CAN BE AND HAVE NO ILLUSIONS THAT AGREEMENT ON OUTSTANDING ISSUES WILL BE EASY TO ACHIEVE. THE TAIWAN QUESTION MUST BE DEALT WITH IN EACH OF THE UPCOMING TALKS, ALONG WITH COMPLICATED ISSUES INCLUDING LAW OF THE SEA AND MOST FAVORED NATION TREATMENT. NEVERTHELESS, THE JAPANESE ARE DETERMINED TO WORK TOWARD AN EVENTUAL SOLUTION OF THESE PROBLEMS.

RELATIONS WITH TAIWAN

6. JAPAN'S RAPPROCHEMENT WITH PEKING HAS BEEN AT EXPENSE OF ITS RELATIONS WITH TAIWAN, ALTHOUGH GOJ HAS ATTEMPTED TO LIMIT THE DAMAGE TO ITS ECONOMIC TIES. EARLIER THIS YEAR, THE CONCLUSION OF A CIVIL AIR AGREEMENT WITH PEKING CAUSED A DOMESTIC FUROR WHICH DIED QUICKLY, SUGGESTING THAT PRO-TAIWAN SENTIMENT IN JAPAN AND THE POLITICAL RISKS OF A PRO-PEKING POLICY ARE MANAGEABLE. ECONOMICALLY, TAIWAN REMAINS IMPORTANT TO JAPAN. TRADE IS UP FROM \$2.6 BILLION LAST YEAR TO AN ESTIMATED \$3.1 BILLION IN 1974. DESPITE THE BREAK IN THE JAPAN-TAIWAN AIRLINK CONSEQUENT ON THE CONCLUSION OF THE AGREEMENT WITH PEKING, SUBSTANTIAL NUMBERS OF JAPANESE CONTINUE TO VISIT TAIWAN. THE RATE OF NEW JAPANESE INVESTMENT TUMBLED AFTER DIPLOMATIC RELATIONS WERE ESTABLISHED WITH PEKING BUT HAS BEGUN TO CLIMB AGAIN. THE GOJ IS ANXIOUS TO IMPROVE
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RELATIONS WITH TAIPEI AND PLANS TO UPGRADE ITS "UNOFFICIAL" REPRESENTATION THERE. THERE CAN BE NO QUESTION, HOWEVER, THAT EVENTS OF PAST YEAR HAVE CONFIRMED AND STRENGTHENED A MAJOR SHIFT SINCE 1972 IN JAPANESE PRIORITIES IN FAVOR OF PEKING.

INTERRELATIONSHIPS

7. JAPANESE OFFICIALS SEE THE DEVELOPMENT OF THEIR RELATIONS WITH BOTH PEKING AND MOSCOW AS INTERRELATED IN A BROAD SENSE BUT NOT DIRECTLY ENOUGH TO BE MANIPULATED. THEY BELIEVE, FOR EXAMPLE, THAT IMPROVED RELATIONS WITH PEKING MAKE THE SOVIETS EASIER TO DEAL WITH IN GENERAL. SOME OFFICIALS THINK THAT THE SOVIETS WILL ONLY NEGOTIATE SERIOUSLY AFTER JAPAN HAS SIGNED A PEACE TREATY WITH PRC. THEY DO NOT APPEAR, HOWEVER, TO RECOMMEND SPECIFIC POLICY MOVES TOWARDS THE CHINESE AS A WAY OF ELICITING A PARTICULAR SOVIET RESPONSE. MOREOVER, JAPAN HAS FOUND THAT SOME DIRECT LINKAGES CAN PROVE AN EMBARRASSMENT. SOME GOJ OFFICIALS BELIEVE THAT THE STIFFENING OF THE SOVIET POSITION ON THE NORTHERN TERRITORIES ISSUE WAS IN PART DUE TO EXPLICIT CHINESE SUPPORT FOR JAPAN'S POSITION.

RECOMMENDED US POSITION

8. THE JAPANESE WILL WANT TO BE BRIEFED AT THE SUMMIT MEETING ON THE LATEST DEVELOPMENTS IN OUR RELATIONSHIPS WITH MOSCOW, PEKING, AND TAIPEI. THEY WILL BE LOOKING FOR ASSURANCE THAT THE U.S. IS NOT SO PREOCCUPIED WITH THE TASK OF AVOIDING A MAJOR CONFRONTATION WITH THE SOVIET UNION THAT WE WILL PERMIT THE RUSSIANS TO EXPLOIT LESSER CONFLICTS IN OTHER AREAS SUCH AS SOUTHEAST ASIA WHERE JAPANESE INTERESTS ARE DIRECTLY INVOLVED. JAPAN ALSO WILL WELCOME WHATEVER DEGREE OF PARTICIPATION IS POSSIBLE FOR THE U.S. IN SIBERIAN DEVELOPMENT PROJECTS. FINALLY, IT WOULD BE HELPFUL TO REITERATE THAT JAPANESE EFFORTS TO IMPROVE RELATIONS WITH BOTH THE PRC AND THE SOVIET UNION ARE AN IMPORTANT COMPLEMENT TO OUR OWN AND CONTRIBUTE SIGNIFICANTLY TO THE NEW STRUCTURE OF PEACE WE ARE BOTH TRYING TO BUILD.

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